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FORMER FRESNO BUSINESS MAN SENTENCED TO 24 MONTHS

Fraudulent Investment Scheme Nets Owner \$2.5 Million in Unpaid Income

FRESNO – United States Attorney McGregor W. Scott, announced today that JEFFREY LAWRENCE MALICOAT, 49, of Fresno, was sentenced to federal prison on a tax evasion charge which stemmed from a \$2.5 investment fraud scheme. United States District Judge Oliver W. Wanger sentenced MALICOAT to 24 months in prison, followed by 36 months supervised release and ordered to pay a \$100 fine. In June 2006, MALICOAT pleaded guilty to one count of tax evasion.

This case is the product of an extensive investigation jointly conducted by the Internal Revenue Service-Criminal Investigation and the Federal Bureau of Investigation.

According to Assistant United States Attorney Marlon Cobar, who prosecuted the case, MALICOAT admitted that on or about 1997, he formed JEMA Holdings, Inc. ("JEMA"), a Nevada corporation and that JEMA was established for the purpose of providing a fraudulent investment scheme. As part of the investment scheme, MALICOAT convinced one investor to make several wire transfers into JEMA's bank account totaling \$2.5 million. MALICOAT further admitted that the \$2.5 million was an income received by him though JEMA for which he was required to report on his 1999 tax return. MALICOAT used JEMA's bank account as his own by paying for personal luxury items such as diamonds, a Rolex watch, luxury automobiles, a \$320,000 residence, pool and accompanying landscaping, as well as numerous other expenses.

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